



Patrick W. Henning, Director

March 5, 2008

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Arnold Schwarzenegger
Governor

Mr. Stephen G. Harding, Executive Director
Santa Ana Workforce Investment Board
20 Civic Center Plaza (M-25)
Santa Ana, CA 92702

Dear Mr. Harding:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Santa Ana Workforce Investment Board's (Santa Ana WIB) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Jennifer Leeper from September 24-28, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the Santa Ana WIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with the Santa Ana WIB representatives and service provider staff. In addition, this report includes the results of our review of selected case files, the Santa Ana WIB's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on January 10, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed all the findings cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned CATS numbers 80023, 80024, and 80025.

BACKGROUND

The Santa Ana WIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2006-07, the Santa Ana WIB was allocated: \$1,038,382 to serve 190 adult participants; \$1,240,799 to serve 215 youth participants; and \$1,041,088 to serve 210 dislocated worker participants.

For the quarter ending June 30, 2007, the Santa Ana WIB reported the following expenditures for its WIA programs: \$532,346 for adult participants; \$526,888 for youth participants; and \$839,722 for dislocated worker participants. In addition, the Santa Ana WIB reported the following enrollments: 192 adult participants; 152 youth participants; and 208 dislocated worker participants. We reviewed case files for 30 of the 552 participants enrolled in the WIA program as of September 4, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, the Santa Ana WIB is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: supportive services, follow-up services, and gaps in service. The findings that we identified in these areas, our recommendations, and the Santa Ana WIB's proposed resolution of the findings are specified below.

FINDING 1**Requirement:**

WIA Section 101(46) states that supportive services are services such as transportation, that are necessary to enable an individual to participate in activities authorized under this title, consistent with the provisions of the title.

20 CFR 663.805(b) states, in part, that supportive services may only be provided when they are necessary to enable individuals to participate in Title 1 activities.

OMB Circular 87, Attachment A, Section(c)(1)(j) states, in part, that for a cost to be allowable, the cost must be adequately documented.

OMB A-87(C)(1) states, in part, that to be allowable under federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards.

Observation:

Twenty of the 30 participant case files reviewed were approved to receive supportive services that included the purchase of

automobile gasoline. However, all 20 case files lacked supporting documentation such as travel logs or receipts to support the purchase of gasoline.

The Santa Ana WIB's Supportive Services Policies and Procedures state, in part, that approved participants will be scheduled to receive one gas card per month at a maximum of \$50 per month. However, the policy does not require that the participants provide travel logs or receipts for the purchase of gasoline.

Recommendation: We recommended that the Santa Ana WIB provide CRD with a Corrective Action Plan (CAP) stating how it will ensure, in the future, that supportive service payments for gasoline are adequately documented with travel logs and/or receipts for the purchase of gasoline. Additionally, we recommended that the Santa Ana WIB, revise its Supportive Services Policies and Procedures to require travel logs and/or receipts for the purchase of gasoline.

Santa Ana WIB Response: The Santa Ana WIB stated that participants must provide substantial evidence that he/she is looking for work on a monthly basis and are required to keep job search logs including a schedule of appointments/interviews. Additionally, the Santa Ana WIB stated that they procured prepaid cards restricted to the purchase of gasoline only and provided a copy of the invitation for bid.

State Conclusion: The Santa Ana WIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, the Santa Ana WIB's successful implementation of its stated corrective action. Until then, this issue remains open and is assigned CATS number 80023.

FINDING 2

Requirement: 20 CFR Section 667.300(a) states, in part, that all states and other direct grant recipients must report financial, participant, and performance data in accordance with instructions issued by the Department of Labor.

WIAD04-17 states, in part, that follow-up contact information is mandatory for four quarters after a client's exit unless specified otherwise in the entity's contract. Individuals may be re-

evaluated at 30 days after exit and 60 days after exit for local purposes and at the 1st, 2nd, 3rd, or 4th quarter after the client leaves the program. A follow-up contact is a check to determine a client's employment and educational status after exiting the WIA program.

Observation: We observed that the Santa Ana WIB did not conduct first quarter follow-up for 5 out of 12 participants who exited the WIA program after finding unsubsidized employment.

Recommendation: We recommended that the Santa Ana WIB provide CRD with a CAP stating how it will ensure, in the future, that follow-up is conducted for four quarters after the participant's exit.

Santa Ana WIB Response: The Santa Ana WIB recognizes that quarterly follow-up has not been consistently implemented. WIA case management staff will be provided training to include programmatic and Job Training Automation (JTA) requirements in the area of follow-up including related Training and Employment Guidance Letter's (TEGL), JTA procedures, and relevant state and local guidance. Furthermore, the program manager will review JTA reports on a monthly basis to ensure all required follow-up services are conducted and documented. Lastly, the One-Stop Director will randomly monitor participant files monthly.

State Conclusion: The Santa Ana WIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, the Santa Ana WIB's successful implementation of its stated corrective action. Until then, this issue remains open and is assigned CATS number 80024.

FINDING 3

Requirement: 20 CFR Section 667.300(b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

TEGL 17-05(D) states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training), that participant must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation: Four of 30 participant case files reviewed showed a gap in services ranging from 90 to 150 days. While the Santa Ana WIB attempted to contact these participants, no WIA funded services were provided during these gaps of time. One of the four participants eventually received WIA funded training after a 150 day period of inactivity. Additionally, another participant exited after a 120 day period of inactivity. The remaining two participants are still enrolled although no WIA funded services are being provided.

Recommendation: We recommended that the Santa Ana WIB provide CRD with a CAP stating how it will ensure, in the future, that no more than 90 days will elapse between services provided to WIA participants, or else exit the participants as of the last date of receipt of services. Additionally, we recommended that the Santa Ana WIB provide CRD with documentation to demonstrate that services are being provided to the two remaining participants noted above, or exit them from the WIA program.

Santa Ana WIB Response: The Santa Ana WIB stated that WIA staff will be provided training to include programmatic and JTA requirements in the area of soft exits including related TEGL's, JTA procedures and relevant State and Local guidance. Furthermore, the program manager will review JTA printouts on a monthly basis to ensure that required services are delivered to participants within the 90 days allowable. Additionally, the One-Stop Director will conduct monthly random monitoring of participant files to assure compliance with local Policy Bulletins. Program participants found not to be receiving the required services within a 90 day period will be exited. Lastly, the Santa Ana WIB provided documentation showing that the two participants noted above were exited from the WIA program.

State Conclusion: The Santa Ana WIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, the Santa Ana WIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80025.

Please note that TEGL 7-99 is no longer effective and has been superseded by TEGL17-05.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the Santa Ana WIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the Santa Ana WIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Jennifer Leeper at (916) 653-7802.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, flowing script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Gilbert von Studnitz, MIC 50